

BOULDER TOWN
FINANCIAL STATEMENTS
JUNE 30, 2006

C O N T E N T S

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Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

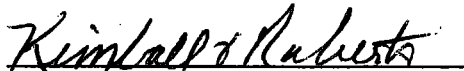
Phone 896-6488

Honorable Mayor and Town Board
Boulder Town
Boulder, Utah 84716

We have compiled the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Boulder Town as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion, or any other form of assurance, on them.

The management's discussion and analysis and budgetary comparison information, on pages 4 through 8 and 27 through 28, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.



KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 30, 2006
Richfield, Utah

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BOULDER TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2006

The discussion and analysis of Boulder Town for the year ending June 30, 2006 and provides an overview of the Town's financial activities. This report is in conjunction with the Town's financial statements, which are part of this report.

Financial Highlights:

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$817,715 (*net assets*). Of this amount, \$80,297 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations.
- As of the close of the current calendar year, the Town's governmental funds reported an ending fund balance of \$190,001, a increase of \$35,928. Of this fund balance \$58,497 is available for spending at the Town's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$58,497 or 50% of total general fund expenditures.
- The Town has no long-term debt.

Using This Annual Report

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets, liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent calendar year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Both the government-wide financial statements distinguish functions of the Town that are principally supported by assessed fees assessed as taxes and other funds from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town are general government, highways and streets, parks, recreation and cemetery.

The government-wide financial statements can be found on pages listed in the table of contents.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only governmental fund is the general fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with these budgets.

The basic financial statements can be found as listed in the table of contents.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

Condensed Financial Statements:

Net Assets:

| | <u>Governmental Activities 2006</u> |
|-------------------|---|
| Assets: | |
| Current | 190,001 |
| Non-Current | <u>627,714</u> |
| Total Assets | <u>817,715</u> |
| Liabilities: | |
| Current | - |
| Long-Term | <u>-</u> |
| Total Liabilities | <u>-</u> |

Condensed Financial Statements - continued.

Net Assets (Continued):

| | <u>Governmental Activities</u> <u>2006</u> |
|---|---|
| Net Assets: | |
| Invested in Capital Assets, Net of Debt | 627,714 |
| Restricted | 109,704 |
| Unrestricted | <u>80,297</u> |
| Net Assets | <u>817,715</u> |

Changes in Net Assets:

Revenues:

| | |
|------------------|----------------|
| General Revenues | 73,826 |
| Grants | <u>79,291</u> |
| Total Revenues | <u>153,117</u> |

Expenditures:

| | |
|--------------------|---------------|
| Current | <u>91,237</u> |
| Total Expenditures | <u>91,237</u> |

| | |
|----------------------|--------|
| Change in Net Assets | 61,880 |
|----------------------|--------|

| | |
|----------------------|----------------|
| Beginning Net Assets | <u>755,835</u> |
|----------------------|----------------|

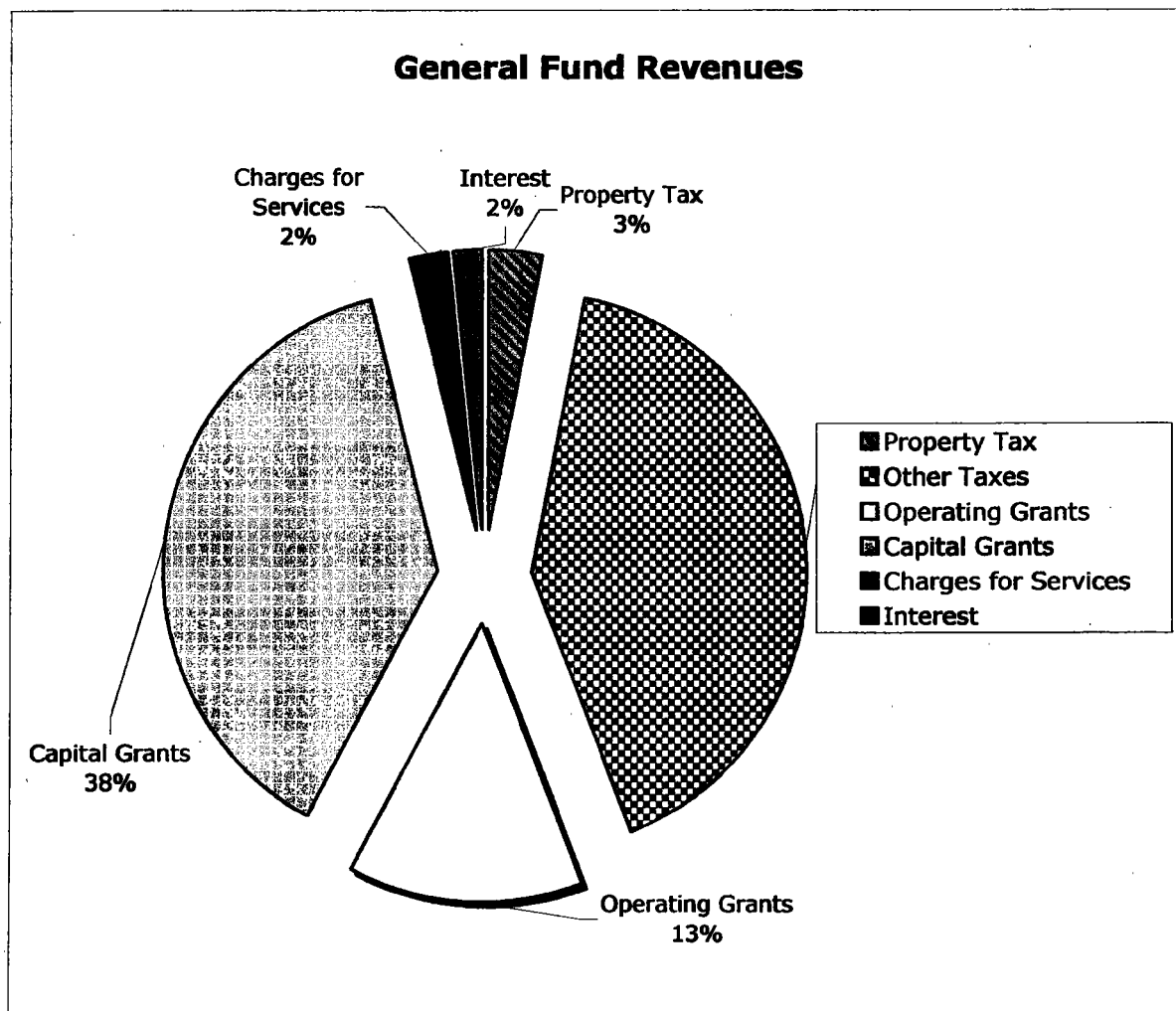
| | |
|-------------------|----------------|
| Ending Net Assets | <u>817,715</u> |
|-------------------|----------------|

Contacting the Town.

This financial report is designed to provide the citizens with a general overview of the Town's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact Boulder Town, P.O. Box 1329, Boulder, UT 84716.

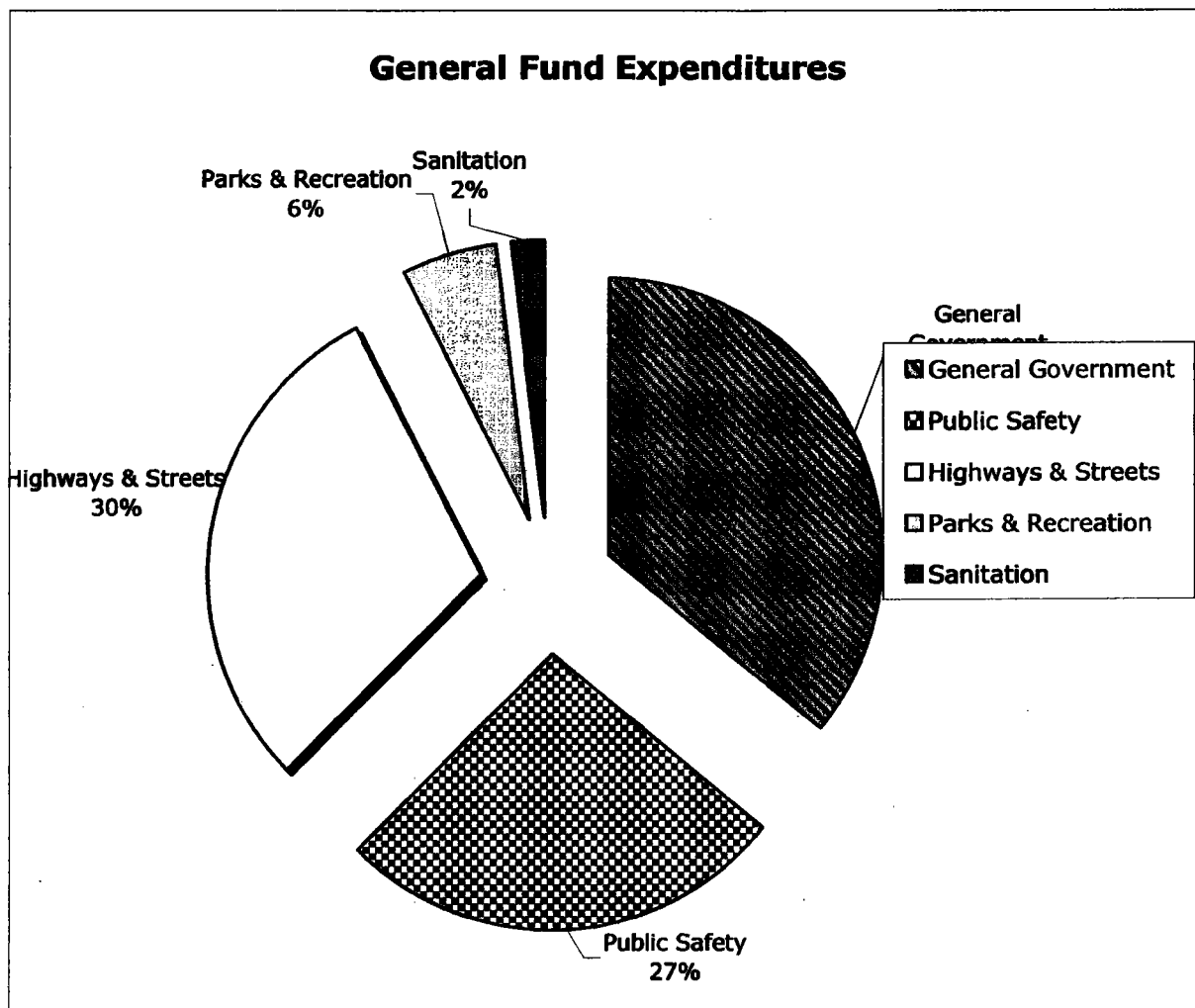
**Boulder Town
General Fund Revenues
For The Fiscal Year Ended June 30, 2006**

| | |
|----------------------|---------------------------|
| Property Tax | 4,562 |
| Other Taxes | 63,248 |
| Operating Grants | 20,608 |
| Capital Grants | 58,683 |
| Charges for Services | 3,573 |
| Interest | <u>2,443</u> |
| Total | <u><u>153,117</u></u> |



**Boulder Town
General Fund Expenditures
For The Fiscal Year Ended June 30, 2006**

| | |
|--------------------|----------------------|
| General Government | 32,643 |
| Public Safety | 24,351 |
| Highways & Streets | 27,284 |
| Parks & Recreation | 5,113 |
| Sanitation | <u>1,846</u> |
| Total | <u><u>91,237</u></u> |



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BASIC FINANCIAL STATEMENTS

**BOULDER TOWN
STATEMENT OF NET ASSETS**

June 30, 2006

| | <u>Primary Government Governmental Activities</u> |
|---|---|
| ASSETS | |
| Current Assets: | |
| Cash and Cash Equivalents | <u>190,001</u> |
| Noncurrent Assets: | |
| Capital Assets (Net of Accumulated Depreciation): | |
| Land | 67,170 |
| Buildings | 167,551 |
| Equipment | 159,865 |
| Infrastructure | 180,600 |
| Construction In Progress | <u>52,528</u> |
| Total Noncurrent Assets | <u>627,714</u> |
| TOTAL ASSETS | <u><u>817,715</u></u> |
| LIABILITIES | |
| Current Liabilities | <u>-</u> |
| NET ASSETS | |
| Investment in Capital Assets, Net of Debt | 627,714 |
| Restricted For: | |
| Class C Road | 95,948 |
| Liquor Law Funds | 5,788 |
| Landfill | 7,968 |
| Unrestricted | <u>80,297</u> |
| TOTAL NET ASSETS | <u>817,715</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>817,715</u></u> |

See accompanying notes and accountant's report.

**BOULDER TOWN
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2006

| Function/Programs Primary Government: | Program Revenues | | | Net (Expense) Revenues and Changes in Net Assets | |
|---------------------------------------|------------------|-------------------------|------------------------------------|---|----------------|
| | Expenses | Charges for Services | Operating Grants/ Contributions | Governmental Activities | Total |
| Governmental Activities: | | | | | |
| General Government | 32,643 | 1,949 | - | (30,694) | (30,694) |
| Public Safety | 24,351 | - | - | (21,903) | (21,903) |
| Highways and Public Improvements | 27,284 | - | 20,608 | (6,676) | (6,676) |
| Sanitation | 1,846 | - | - | (1,846) | (1,846) |
| Culture and Recreation | 5,113 | 1,624 | - | 52,746 | 52,746 |
| Total Primary Government | <u>91,237</u> | <u>3,573</u> | <u>20,608</u> | <u>(8,373)</u> | <u>(8,373)</u> |
| General Revenues: | | | | | |
| Property Taxes | | | | 4,562 | 4,562 |
| Fee-In-Lieu of Property Taxes | | | | 817 | 817 |
| Sales Taxes | | | | 28,987 | 28,987 |
| Resort Tax | | | | 30,614 | 30,614 |
| Telecommunications Tax | | | | 2,830 | 2,830 |
| Unrestricted Investment Earnings | | | | 2,443 | 2,443 |
| Total General Revenues and Transfers | | | | <u>70,253</u> | <u>70,253</u> |
| Change in Net Assets | | | | 61,880 | 61,880 |
| Net Assets - Beginning | | | | <u>755,835</u> | <u>755,835</u> |
| Net Assets - Ending | | | | <u>817,715</u> | <u>817,715</u> |

See accompanying notes and accountant's report.

**BOULDER TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

| | <u>General Fund</u> |
|---|-------------------------|
| ASSETS | |
| Cash and Cash Equivalents | <u>190,001</u> |
| TOTAL ASSETS | <u><u>190,001</u></u> |
| LIABILITIES AND FUND BALANCES | |
| Liabilities | <u>-</u> |
| Fund Balances: | |
| Reserved For: | |
| Class "C" Road | 95,948 |
| Liquor Law | 5,788 |
| Landfill | 7,968 |
| Designated | 20,500 |
| Undesignated, Reported In: | |
| General Fund | <u>59,797</u> |
| Total Fund Balance | <u>190,001</u> |
| TOTAL LIABILITIES AND AND FUND BALANCE | <u><u>190,001</u></u> |

See accompanying notes and accountant's report.

BOULDER TOWN
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

June 30, 2006

| | |
|---|---------|
| Total Fund Balances - Governmental Fund Types | 190,001 |
|---|---------|

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

| | |
|--------------------------|---------------|
| Land | 67,170 |
| Buildings | 167,551 |
| Equipment | 159,865 |
| Infrastructure | 180,600 |
| Construction In Progress | <u>52,528</u> |

| | |
|-------|----------------|
| Total | <u>627,714</u> |
|-------|----------------|

| | |
|-------------------------------------|-----------------------|
| Net Assets of Government Activities | <u><u>817,715</u></u> |
|-------------------------------------|-----------------------|

**BOULDER TOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

| | <u>General Fund</u> |
|----------------------------------|---------------------------|
| Revenues: | |
| Taxes | 67,810 |
| Licenses and Permits | 733 |
| Intergovernmental Revenue | 79,291 |
| Charges for Services | 1,216 |
| Interest | 2,443 |
| Rents and Concessions | 1,050 |
| Miscellaneous Revenues | <u>574</u> |
| Total Revenues | <u>153,117</u> |
| Expenditures: | |
| Current: | |
| General Government | 31,763 |
| Public Safety | 7,378 |
| Highways and Public Improvements | 4,709 |
| Sanitation | 1,846 |
| Culture and Recreation | 4,265 |
| Capital Outlay | <u>67,228</u> |
| Total Expenditures | <u>117,189</u> |
| Net Change In Fund Balance | 35,928 |
| Fund Balance - Beginning | <u>154,073</u> |
| Fund Balance - Ending | <u><u>190,001</u></u> |

See accompanying notes and accountant's report.

BOULDER TOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities
are different because:

| | |
|---|--------|
| Net Changes in Fund Balances - Total Governmental Funds | 35,928 |
|---|--------|

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

| | | |
|--------------------------|-----------------|---------------|
| Construction In Progress | 52,528 | |
| Capital Asset Additions | 14,700 | |
| Depreciation Expense | <u>(41,276)</u> | |
| Total | | <u>25,952</u> |

| | |
|--|---------------|
| Changes In Net Assets of Governmental Activities | <u>61,880</u> |
|--|---------------|

**BOULDER TOWN
NOTES TO FINANCIAL STATEMENTS**

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Boulder Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2006.

The following is a summary of the more significant policies:

A. Reporting Entity

Boulder Town is a municipal corporation in Garfield County, Utah. It is governed by an elected Mayor and four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, Boulder Town, the reporting entity. The Town has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

BOULDER TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Boulder Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

BOULDER TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

| | |
|-----------------------|----------|
| Buildings | 40 Years |
| Building Improvements | 20 Years |
| Fire Trucks | 20 Years |
| Infrastructure | 20 Years |
| Television Equipment | 7 Years |

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

BOULDER TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town Board on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town Board at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Some Towns find themselves with a deficit fund balance in one or more of their funds. The State Auditor has taken the position that a deficit, created by expenditures being made in excess of those budgeted, is an illegally created debit in violation of the Utah Constitution, Section XIV(3). As such, the total illegally created deficit should be budgeted to be made up in the following fiscal year. Deficits arising from emergencies are not illegal and may be retired over 5 years. Maximum in the general funds may not exceed 75% of the total estimated revenue of the general fund.

Once adopted, the budget may be amended by the Town Board without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

BOULDER TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Taxes

Property taxes are assessed and collected for the Town by Garfield County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

G. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

At year end, the carrying amount of the Town's deposits were \$182,034 and the bank balances were \$183,708. Of the bank balances \$100,000 was covered by federal depository insurance. Utah State statutes do not require deposits to be collateralized, however, financial institutions must be approved by the Money Management Council.

Cash and investments as of June 30, 2006, consist of the following:

| | <u>Fair Value</u> |
|----------------------------|-----------------------|
| Demand Deposits - Checking | 182,033 |
| Investment - PTIF | <u>7,968</u> |
| Total Cash and Investments | <u><u>190,001</u></u> |

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

| | |
|--|-----------------------|
| Governmental Activities - Unrestricted | <u><u>190,001</u></u> |
|--|-----------------------|

BOULDER TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invest in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

BOULDER TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$83,708 of the local government's bank balances of \$183,708 were uninsured and uncollateralized.

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2006, the local governments has investments of \$7,968 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

BOULDER TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|-------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | 50,210 | 10,000 | - | 60,210 |
| Land Under Roads | 6,960 | - | - | 6,960 |
| Construction In Progress | <u>18,800</u> | <u>52,527</u> | <u>18,800</u> | <u>52,527</u> |
| Total Capital Assets Not Being Depreciated | <u>75,970</u> | <u>62,527</u> | <u>18,800</u> | <u>119,697</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 204,696 | 23,500 | - | 228,196 |
| Machinery and Equipment | 253,894 | - | - | 253,894 |
| Infrastructure | <u>451,500</u> | <u>-</u> | <u>-</u> | <u>451,500</u> |
| Total Capital Assets Being Depreciated | <u>910,090</u> | <u>23,500</u> | <u>-</u> | <u>933,590</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | 55,120 | 5,525 | - | 60,645 |
| Machinery and Equipment | 80,852 | 13,176 | - | 94,028 |
| Infrastructure | <u>248,325</u> | <u>22,575</u> | <u>-</u> | <u>270,900</u> |
| Total Accumulated Depreciation | <u>384,297</u> | <u>41,276</u> | <u>-</u> | <u>425,573</u> |
| Total Capital Assets Being Depreciated (Net) | <u>525,793</u> | <u>(17,776)</u> | <u>-</u> | <u>508,017</u> |
| Governmental Activities Capital Assets, Net | <u>601,763</u> | <u>44,751</u> | <u>18,800</u> | <u>627,714</u> |

BOULDER TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

| | <u>Governmental Activities</u> |
|----------------------------|------------------------------------|
| General Government | 880 |
| Public Safety | 16,973 |
| Parks and Recreation | 22,575 |
| Highways and | <u>848</u> |
| Total Depreciation Expense | <u><u>41,276</u></u> |

NOTE 4 - CLASS "C" ROAD

The Town receives Class "C" Road money from the State of Utah for road construction and maintenance. The unexpended portion of this money is shown as reserved fund balance in the financial statements. The following is a schedule of receipts and disbursements in Class "C" Roads:

| | |
|-----------------------------|----------------------|
| Balance - Beginning of Year | 77,589 |
| Receipts: | |
| State Allotments | 20,608 |
| Interest | <u>2,460</u> |
| Total Receipts | 23,068 |
| Disbursements | <u>(4,709)</u> |
| Balance - End of Year | <u><u>95,948</u></u> |

NOTE 5 - DESIGNATED FUND BALANCE

The following fund balance has been designated by the Town:

| | |
|-------------------------------|----------------------|
| Business Alliance | 1,230 |
| Web Site | 1,029 |
| Emergency Services | 243 |
| Deposits | 707 |
| Track Park | 1,238 |
| Park Development | 9,384 |
| Town Hall | 411 |
| Fire Department | 3,558 |
| Water membership | <u>2,700</u> |
| Total Designated Fund Balance | <u><u>20,500</u></u> |

BOULDER TOWN
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 6 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is insured through Scottsdale Indemnity Company.

Liability:

The Town is insured for \$2,000,000 general aggregate limit. Bodily injury and property damage limit \$1,000,000 each occurrence. Personal injury and advertising injury limit \$1,000,000 each offense and employee benefits injury limit of \$1,000,00. Fire, lightning or explosion limit of \$500,000. Medical payments \$5,000 any one person. Products-completed operations limit \$2,000,000. There is a \$500 deductible each occurrence or offense. Public officials liability coverage \$1,000,000 each wrongful act with an annual aggregate of \$1,000,000 and a \$1,000 deductible each public official wrongful act.

Automobile Liability:

The Town is insured for automobile bodily injury by State Farm Insurance Company. Property damage \$1,000,000 aggregate each policy period. The coverage also covers uninsured motorist \$50,000 each accident and \$50,000 each policy period.

Property:

All of the property coverage is insured through Scottsdale Indemnity Company. Buildings are covered based on replacement cost subject to a \$500 deductible.

The Town has not experienced any significant reduction in insurance coverage from the previous year but it has paid settlements in excess of insurance coverage in the past three fiscal years.

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is used to assist in formatting, for easier reading)

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**BOULDER TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u> | <u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
|--|-------------------------|---------------|--|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Taxes: | | | | |
| General Property Taxes | 4,600 | 4,600 | 4,374 | (226) |
| Delinquent Property Taxes | 800 | 800 | 188 | (612) |
| General Sales and Use Taxes | 26,000 | 26,000 | 28,987 | 2,987 |
| Fee-In-Lieu | 100 | 100 | 817 | 717 |
| Resort Tax | 30,000 | 30,000 | 30,614 | 614 |
| Telecommunications Tax | 50 | 50 | 2,830 | 2,780 |
| Total Taxes | 61,550 | 61,550 | 67,810 | 6,260 |
| Licenses and Permits: | 800 | 800 | 733 | (67) |
| Intergovernmental Revenue: | | | | |
| Class C Road | 20,000 | 20,000 | 20,608 | 608 |
| State Liquor Allotment | 1,000 | 1,000 | - | (1,000) |
| State Grant | - | - | 1,557 | 1,557 |
| Federal Grant | - | - | 54,678 | 54,678 |
| Garfield County Grant | 2,427 | 2,427 | 2,448 | 21 |
| Total Intergovernmental Revenue | 23,427 | 23,427 | 79,291 | 55,864 |
| Charges for Services: | | | | |
| General Fees and Charges | 1,560 | 1,560 | 1,216 | (344) |
| Miscellaneous Revenue: | | | | |
| Interest | 1,000 | 1,000 | 2,443 | 1,443 |
| Rents and Concessions | 1,200 | 1,200 | 1,050 | (150) |
| Miscellaneous | 1,525 | 1,525 | 574 | (951) |
| Total Miscellaneous Revenue | 3,725 | 3,725 | 4,067 | 342 |
| Total Revenues | 91,062 | 91,062 | 153,117 | 62,055 |

**BOULDER TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note A) | Variance With Final Budget Positive (Negative) |
|-----------------------------------|------------------|---------|---|---|
| | Original | Final | | |
| Expenditures: | | | | |
| General Government: | | | | |
| Administration | 31,492 | 31,292 | 19,972 | 11,320 |
| Non-Departmental | 1,500 | 1,650 | 7,725 | (6,075) |
| Other | 150 | 260 | 4,066 | (3,806) |
| Total General Government | 33,142 | 33,202 | 31,763 | 1,439 |
| Public Safety: | | | | |
| Fire Department | 6,500 | 7,500 | 7,378 | 122 |
| Highway and Public Improvements: | | | | |
| Repairs and Maintenance | 23,000 | 23,000 | 4,709 | 18,291 |
| Culture and Recreation: | | | | |
| Recreation | 2,500 | 1,950 | 1,945 | 5 |
| Cemetery | 300 | 300 | 264 | 36 |
| TV Translator System | 1,200 | 490 | 399 | 91 |
| Water Membership for Park | 4,000 | 4,400 | - | 4,400 |
| Web Site | 1,029 | 1,029 | - | 1,029 |
| Parks | 1,000 | 300 | 682 | (382) |
| Miscellaneous | - | - | 975 | (975) |
| Total Culture and Recreation | 10,029 | 8,469 | 4,265 | 4,204 |
| Sanitation | 1,500 | 2,000 | 1,846 | 154 |
| Capital Outlay | 14,700 | 14,700 | 67,228 | (52,528) |
| Budgeted Increase in Fund Balance | 2,191 | 2,191 | - | 2,191 |
| Total Expenditures | 91,062 | 91,062 | 117,189 | (26,127) |
| Excess Revenues Over Expenditures | - | - | 35,928 | 35,928 |
| Fund Balance - Beginning | 154,073 | 157,073 | 154,073 | - |
| Fund Balance - Ending | 154,073 | 157,073 | 190,001 | 35,928 |

**BOULDER TOWN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For The Fiscal Year Ended June 30, 2006

Budgetary Comparison Schedules:

The Budgetary Comparison Schedules presented in this section of the report are for the Town's General Fund.

Budgeting and Budgetary Control:

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the Town Board prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Board through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.